THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) to (c) Yes, Sir. During the 3rd Commerce Secretary level talks between Sri Lanka and India under Indo-Sri Lanka Free Trade Agreement (ISFTA) held in Colombo on 16-18 August, 2004, both the countries held an initial exchange of views on the issue of entering into a Comprehensive Economic Partnership Agreement (CEPA). In doing so, both sides highlighted the importance of deepening and broadening the scope of ISFTA in moving towards CEPA. For working out the details of CEPA which are to be negotiated by both the countries, pursuant to the meeting between Prime Ministers of India and Sri Lanka during June, 2002, a Joint Study Group (JSG) was set up by both the Governments. This Group submitted its report on 20th October, 2003 in New Delhi to the two Prime Ministers recommending that CEPA could address issues such as reducing items under the Negative List, harmonisation of customs procedure, standardised trade facilitation. The CEPA would also include trade in services, investment and economic cooperation.

**Effect of Iraq war on perfume industry**

†1746. SHRIMATI KUM KUM RAI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that due to war in Iraq, the Indian perfume industry especially the industries hailing from Kanauj have suffered colossal loss;

(b) if so, the details thereof; and

(c) the measures being taken to protect the Indian perfume industry?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) to (c) The perfume industry of India is not affected due to Iraq war. There is no direct export of perfumes and perfumery compounds to Iraq for the last three years *i.e.* 2000-01, 2001-02 and 2002-03.

**Office of explosive department in Gujarat**

1747. SHRI LEKHRAJ BACHANI:
PROF. ALKA BALRAM KSHATRIYA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

†Original notice of the question was received in Hindi.

(a) whether Government have received a proposal from the State Government of Gujarat for opening of a separate office of the Explosive Department in Alang Ship Recycling Yard in Gujarat; and

(b) if so, the decision taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) Yes, Sir.

(b) Ship breaking activities are presently not covered under the Petroleum Rules 2002. Proposal of the Government of Gujarat for opening a separate office of the Explosive Department at Alang Ship Recycling Yard in Gujarat can be examined and considered only after relevant provisions are made in the statute.

**Setting up of units abroad**

1748. SHRI SANTOSH BAGRODIA:
SHRIMATI AMBIKA SONI:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government are aware that the Indian Firms have found it cheaper to set up production bases in the nations with which India has signed FTA; and

(b) if so, the beneficiary from FTA?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) and (b) Free Trade Agreements (FTAs) provide greater economic space for firms and enhance trade and investment flows. The direction of such flows depends on the complementarities and comparative advantages, and the opportunities for backward and forward linkages. Such conditions vary from one industry to another and no general conclusions can be drawn. The overall benefits of FTAs are expected to accrue to all participating countries.